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ANNUAL FINANCIAL INFORMATION DATED AS OF MARCH 14, 2008 SUBMITTED BY THE KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION PURSUANT TO RULE 15c2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND TO THE CONTINUING DISCLOSURE AGREEMENT DATED: (I.) MAY 15, 1997, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 1997-A-1 (CUSIP: 491303HX4), SERIES 1997-A-2 (CUSIP: 491303HY2) AND SERIES 1997-B (CUSIP: 491303HZ9); AND (II.) SEPTEMBER 18, 1998, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 1998A-1 (CUSIP: 49130NAA7), SERIES 1998A-2 (CUSIP: 49130NAB5), AND SERIES 1998B (CUSIP: 49130NAC3) AND (III.) JUNE 30, 1999, RELATIVE TO ITS REVENUE BONDS, SERIES 1999A (CUSIP: 49130NAD1) AND SERIES 1999B (CUSIP: 49130NAE9); AND (IV.) MAY 4, 2000, RELATIVE TO ITS REVENUE BONDS, SERIES 2000A-1 (CUSIP: 49130NAF6), SERIES 2000A-2 (CUSIP: 49130NAG4), SERIES 2000A-3 (CUSIP: 49130NAH2), AND SERIES 2000B (CUSIP: 49130NAJ8) AND (V.) JULY 20, 2001, RELATIVE TO ITS REVENUE BONDS, SERIES 2001A-1 (CUSIP: 49130NAK5), SERIES 2001A-2 (CUSIP: 49130NAL3), AND SERIES 2001B (CUSIP: 49130NAM1), AND (VI.) AUGUST 6, 2002, RELATIVE TO ITS REVENUE BONDS, SERIES 2002 A-1 (CUSIP:49130NAN9), SERIES 2002 A-2 (CUSIP: 49130NAP4), SERIES 2002 A-3 (CUSIP:49130NAQ2), (VII) MAY 14, 2003, RELATIVE TO ITS REVENUE BONDS, SERIES 2003 A-1 (CUSIP:49130NAS8), SERIES 2003 A-2 (CUSIP:49130NAT6).

**KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION
1997 GENERAL BOND RESOLUTION**

- I. \$45,250,000 Student Loan Revenue Bonds, Senior Series 1997-A-1
 \$45,200,000 Student Loan Revenue Bonds, Senior Series 1997-A-2
 \$44,550,000 Student Loan Revenue Bonds, Subordinate Series 1997-B**

**Official Statement dated May 9, 1997
Bond Delivery Date: May 15, 1997**

- II. \$36,400,000 Student Loan Revenue Bonds, Senior Series 1998A-1
 \$36,400,000 Student Loan Revenue Bonds, Senior Series 1998A-2
 \$42,200,000 Student Loan Revenue Bonds, Senior Series 1998B**

**Official Statement dated September 9, 1998
Bond Delivery Date: September 18, 1998**

- III. \$51,350,000 Student Loan Revenue Bonds, Senior Series 1999A
 \$23,650,000 Student Loan Revenue Bonds, Senior Series 1999B**

**Official Statement dated June 23, 1999
Bond Delivery Date: June 30, 1999**

- IV. \$42,100,000 Student Loan Revenue Bonds, Senior Series 2000A-1
 \$42,100,000 Student Loan Revenue Bonds, Senior Series 2000A-2
 \$42,050,000 Student Loan Revenue Bonds, Senior Series 2000A-3
 \$23,750,000 Student Loan Revenue Bonds, Senior Series 2000B**

Official Statement dated April 28, 2000
Bond Delivery Date: May 4, 2000

- V. \$59,850,000 Taxable Student Loan Revenue Bonds, Senior Series 2001A-1
\$59,850,000 Taxable Student Loan Revenue Bonds, Senior Series 2001A-2
\$30,300,000 Student Loan Revenue Bonds, Subordinate Series 2001B**

Official Statement dated July 20, 2001

Bond Delivery Date: July 27, 2001

- VI. \$55,450,000 Taxable Student Loan Revenue Bonds, Senior Series 2002A-1
\$55,450,000 Taxable Student Loan Revenue Bonds, Senior Series 2002A-2
\$39,100,000 Student Loan Revenue Bonds, Subordinate Series 2002A-3**

Official Statement dated August 6, 2002

Bond Delivery Date: August 7, 2002

- VII. \$63,700,000 Student Loan Revenue Bonds, Senior Series 2003A-1
\$16,950,000 Student Loan Revenue Bonds, Senior Series 2003A-2**

Official Statement dated May 14, 2003

Bond Delivery Date: May 20, 2003

I. ANNUAL FINANCIAL INFORMATION

Outstanding Student Loan Revenue Bonds

The following chart sets forth the outstanding Student Loan Revenue Bonds. The Corporation has no other outstanding borrowings other than as described below.

<u>Series Designation</u>	<u>Original Amount Outstanding</u>	<u>Amount Outstanding as of December 31, 2007</u>
Senior Series 1997-A-1	\$ 45,250,000	\$ 45,250,000
Senior Series 1997-A-2	45,200,000	45,200,000
Subordinate Series 1997-B	44,550,000	44,550,000
Senior Series 1998A-1	36,400,000	36,400,000
Senior Series 1998A-2	36,400,000	36,400,000
Senior Series 1998B	42,200,000	42,200,000
Senior Series 1999A	51,350,000	51,350,000
Senior Series 1999B	23,650,000	23,650,000
Senior Series 2000A-1	42,100,000	42,100,000
Senior Series 2000A-2	42,100,000	42,100,000
Senior Series 2000A-3	42,050,000	42,050,000
Senior Series 2000B	23,750,000	23,750,000
Senior Series 2001A-1	59,850,000	59,850,000
Senior Series 2001A-2	59,850,000	59,850,000
Subordinate Series 2001B	30,300,000	30,300,000
Senior Series 2002A-1	55,450,000	55,450,000
Senior Series 2002A-2	55,450,000	55,450,000
Senior Series 2002A-3	39,100,000	39,100,000
Senior Series 2003A-1	63,700,000	63,700,000
Senior Series 2003A-2	16,950,000	16,950,000
Total	<u>\$855,650,000</u>	<u>\$ 855,650,000</u>

As of December 22, 2006, the Corporation entered into a Revolving Credit Facility Agreement with JP Morgan Chase Bank. The Corporation may receive advances from time to time up to the aggregate initial Commitment Amount of \$40,000,000. The Corporation may request a decrease or increase in the Commitment Amount not to exceed \$120,000,000. At December 31, 2007, there was \$120,000,000 outstanding under the Agreement.

The Corporation has from time to time issued its Insured Student Loan Revenue Bonds which, as of December 31, 2007, remained outstanding in the aggregate principal amount of \$91,600,000. The Corporation's Insured Student Loan Revenue Bonds are secured solely by a trust estate that is separate and apart from the trust estate created by this General Bond Resolution which secures the Corporation's Student Loan Revenue Bonds.

In addition, the Corporation has also issued other Student Loan Revenue Bonds which are secured solely by another trust estate that is separate and apart from the trust estate created by this General Bond Resolution. As of December 31, 2007 those additional Student Loan Revenue Bonds has an aggregate principal outstanding of \$1,200,000,000.

The Corporation's Present Portfolio of Student Loans Held Under the General Bond Resolution

The following are summaries, as of December 31, 2007, of all Student Loans held under the General Bond Resolution.

<u>Loan Type*</u>	<u>Outstanding Principal</u>	<u>Percent of Total</u>
Stafford and FISL	\$440,143,616	55%
PLUS and SLS	16,663,190	2%
Consolidation	347,569,115	43%
Total	<u>\$804,375,921</u>	<u>100%</u>

<u>Status*</u>		
Interim (includes loans in school and grace)	\$198,515,101	25%
Deferment	116,687,613	15%
Repayment	489,173,207	60%
Total	<u>\$804,375,921</u>	<u>100%</u>

<u>School Type*</u>		
Four-Year Public	\$242,363,730	30%
Four-Year Private	102,880,792	13%
Two-Year Public and Private	37,508,352	5%
Out-of-State Public and Private	20,156,609	2%
Proprietary	53,897,323	7%
Consolidation Loans (not classified by school type)	347,569,115	43%
Total	<u>\$804,375,921</u>	<u>100%</u>

As of December 31, 2007, of the total cash and investments held under the General Bond Resolution, \$28,177,435 was available to finance Student Loans.

*The Corporation has established certain allowances for losses on Student Loans which are reflected in its financial statements but not in the preceding summaries.

**Kentucky Higher Education Assistance Authority
Present Student Loan Guarantees**

The following table summarizes the student loans guaranteed by the Authority (and reinsured by the Secretary) and the aggregate outstanding guarantee commitment for the periods indicated. The Coverage Ratio set forth below is determined by dividing funds available in the Loan Insurance Fund by the principal amount of the aggregate outstanding guarantee commitment.

<u>Fiscal Year Ended June 30</u>	<u>Annual Principal Amount of Loans Guaranteed</u>	<u>Aggregate Principal Guarantee Commitment</u>	<u>Coverage Ratio</u>	<u>Claims Rate*</u>
2002	662,753,138	2,336,677,000	.84%	1.73%
2003	787,554,900	2,602,904,617	.63%	2.28%
2004	960,906,210	2,908,356,000	.44%	1.68%
2005	1,197,075,689	3,338,746,000	.25%	2.18%
2006	1,382,055,617	3,619,085,511	.21%	2.33%
2007	1,338,171,232	3,931,562,000	.26%	2.84%

*At federal fiscal year ending September 30.

II. FINANCIAL STATEMENTS

Audited financial statements of the Corporation and of the Authority for the fiscal year ending June 30, 2007, respectively, are submitted herewith.